

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

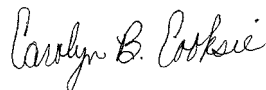
**Notice FLP-179**

1951-S

**For:** State and County Offices

**Reduction of Amortized Shared Appreciation Agreement (SAA) Recapture Interest Rate**

**Approved by:** Deputy Administrator, Farm Loan Programs



**1 Implementing Interest Rate Change for SAA Recapture**

**A**

**Background**

On August 18, 2000, FmHA Instruction 1951-S, sections 1951.909(e)(2)(viii)(a) and 1951.914 (e)(6) were revised to reduce the interest rate on SAA recapture from the nonprogram interest rate to the Homestead Protection interest rate. Section 818 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001, which became effective on October 28, 2000, however, states that the interest rate on amortized SAA recapture will be the Homestead Protection interest rate minus 100 basis points (1 percent). As all existing Shared Appreciation (SA) loans must also be reduced to this rate as of October 28, 2000, future guidance will be issued on converting existing SA loans to the new interest rate.

**B**

**Purpose**

This notice implements the change in the interest rate for SAA recapture on new SA loans.

**C**

**SA Loan  
Amortization  
and  
Reamortization**

From the date of this notice, all SAA recapture which will be amortized or reamortized according to FmHA Instruction 1951-S is to use the Homestead Protection interest rate minus 1 percent.

**D**

**Contact**

If there are any questions about this notice, State Offices shall contact Michael Cumpston, LSPMD at 202-690-4014.

**Disposal Date**

December 1, 2001

**Distribution**

State Offices; State Offices relay to County  
Offices